

Request for Proposals: OHB03-4

Administrative Services For Prescription Drug Benefit Plans Issued July 8, 2003

Addendum One

July 18, 2003

Preface

This Addendum is issued to provide all potential Offerors with definitive guidance, to the extent that is possible, on the issues raised at the Offerors' Conference held on July 18, 2003. This addendum pertains to the specific RFP listed in the heading. Separate, similar addenda will be issued addressing the specific issues raised at the Offeror's Conference for the three companion RFPs discussed at the Offeror's Conference on July 18. As announced at that conference, only these answers in writing can be relied upon in preparing an offer in response to this RFP.

Please note: Supplemental Addendums (numbered sequentially: TWO, THREE, etc) will be issued and posted to the Department's web site (www.dhrm.state.us.va) if the need arises to communicate additional information to potential Offerors. It is recommended that each interested firm check the web site regularly until the date that proposals are due and contracts awarded.

NOTE: The last page to this Addendum contains a list of all firms represented at the Offerors' conference for this RFP.

Corrections

1. Page one **"Note"** section, change Code of Virginia 11-35.1 to Code of Virginia 2.2-4343.1
2. Section 3.7.8 – Change "3.7.5" to "2.7.5" in both lines that they appear
3. Section 4.1.1 – Add "and 4.1.7" to end of sentence
4. Section 8.2.4 - replace "labor" with Labor
5. Section 8.9 - replace "2.1-377" with 2.2-3800

Additions:

- 1) **ADD:** Section 3.6 – SCHEDULE OF LIQUIDATED DAMAGES

The third standard “Eligibility Files not picked up within 7 days of transfer” should read, “ **Eligibility Files not picked up and loaded to Contractor’s eligibility files with 7 days of transfer**”.

- 2) **ADD:** Attachment 2 – Questionnaire General #8

Please provide a copy of your business plan for complying with the HIPPA Security Requirements.

QUESTIONS:

1. Please confirm that this RFP is requesting a self-funded proposal for pharmacy benefit management services. **That is correct.**

2. Is it mandatory that the plan is offered to TLC as well as CoVA?

Ideally, the Department would like to select one PBM to administer the drug component of both the State employee and TLC programs. The plan design may differ between the two programs.

3. Please provide the name of the consultant and the firm working with the Commonwealth on this procurement? **AON Consulting**

4. To avoid inherent conflicts of interests, will the Commonwealth disqualify a vendor if it is owned and or managed by a drug manufacturer, drug wholesaler, provider organization, or pharmacy chain?

No, but that information must be clearly disclosed.

5. Please specify the current vendor(s) providing these services?

Anthem with a subcontract with Medco Health Solutions.

6. Are the Co-pay Tiers 2 and 3 defined as formulary or nonformulary, or are they based on price? If based on price what is the pricing formula for Tier 1, 2, and 3?

Price is one of the determining factors. Offeror should provide their best recommendation for a 3-tier pharmacy program.

7. Will the Commonwealth consider a PBM’s National Formulary? **Yes**

8. Define Tier 1, 2, and 3 for Local Choice, is this the same low, mid and high priced drug criteria as COVA Care with the drug list defined at www.anthem.com? **Yes**

9. Section 2.4.2 - Please clarify what kind of claim this question is referencing? i.e. electronic claim, direct “paper” claim. **All claims.**

10. Can COVA provide the current appeals and review process for a claim?

Refer to the COVA Care Handbook at web site:
www.dhrm.state.va.us/hbenefits/covacare.html

11. Mail Order Drug - is it required to have mail order meds dispensed from a VA based facility?

NO

12. Section 2.3.6 – Can you describe the term large regarding large prescription drugs?

A large prescription in that aspect is a 90-day supply.

13. Section 2.3.4 – 5% audits of pharmacies each year. Is that Virginia pharmacies or all pharmacies in the network?

Virginia pharmacies.

14. Section 2.4.4 – Examine the licensure & participation status of the pharmacist. Is that the pharmacy or the pharmacist?

That is the pharmacist, however it would probably impact the status of the pharmacy.

15. Section 2.4.8 – Do you have any idea of the numbers in regards to subscriber and provider submitted claims?

The current plan is a POS and patient submitted claims are less than 1%.

16. Section 2.4.5 – Is there a customized formula now in use with the commonwealth, if so would the winners be required to match that formulary?

Yes. No. We use the Virginia Voluntary Formulary as the base line for what is covered.

17. So you would consider a formulary standard of a pharmacy medical management company as part of the proposal?

Yes, however we would compare it to the Virginia Voluntary Formulary.

18. Section 2.4.7 – This is a mandatory generic program, so our systems should have the ability to provide incentives for dispensing generic drugs. What type of incentives?

A mandatory generic program is not new. The Offeror should propose a system that they feel would best address the Commonwealth's requirements.

19. Section 2.4.9. - What is the frequency of payment from the Department regarding claim costs presented on a weekly invoice basis?

Payment is made within 48 hours of the receipt of a correct invoice.

20. Section 2.6.1.a. - Is it expected the contractor will send customized ID cards directly to the claimants homes? Who will bear the postage costs? if this method is desired?

A POS card less system is used today. Enrollees show their standardized ID card.

21. Section 2.8.4. - Should web site be available to COVA Care employees as well at this date?

Yes. COVA Care is the state employee plan.

22. Section 3.4 - What is CoVA's definition of "timeliness"?

Delivery by due dates provided and agreed upon.

23. Section 3.7.3 - When 7 calendar days is required in turnaround of MOD - is this an average, an absolute for all Rx's, does it include "clean Rx's that require not calls to MD's for OK or clarification as well as Rx's that do require such calls and follow-up.

An average of all Commonwealth's claims.

24. Section 3.7.5 – The penalty for 3.7.5 does not match the description on page 13. Please clarify.

See Correction # 2 above.

25. Section 4.1.6. - Does the Department desire a Virginia member only survey or does a contractor's book-of-business survey meet this requirement?

Commonwealth programs (COVA Care and TLC) specific.

26. Section 4.3.1. - Regarding Other Deliverables. Please clarify if the contractor or the Department pays for postage costs associated with all enrollment materials.

Contractor pays only for those product specific mailings that are outside of the standard open enrollment communications media.

27. Section 6.5.2 - Please clarify what COVA is looking to obtain with this question?
Section 6.5.3 - Please clarify what COVA is looking to obtain with this question?

Monthly administrative fees for first and second contract years.

28. Section 6.5.2 - Typically administrative fees are on a per claim basis. The Commonwealth is requesting a firm fixed price per month, does the Commonwealth expect a firm fixed price per month a per claim administrative fee.

See the instruction for Schedule 2-1 in Attachment 2. Billing will be based on a firm cost per employee.

29. Section 6.2.2. - Does the Department envision the Contractor to suggest alternate pharmacy plan designs here for both COVA Care and TLC?

Yes, if the offeror wishes to suggest an alternate plan design.

30. Section 6.7 – (1) How will the retail network discount be evaluated? Under which of the scoring criteria is the network formula included?
(2) How will the mail service discount be evaluated? Under which of the scoring criteria is the mail service formula included?
(3) How will the estimated rebate be evaluated? Under which of the scoring criteria is the rebate included?

The Roman numeral headings of the questionnaire conform to the criteria cited in paragraph 6.7. Section VI of the questionnaire addresses the items you list. They will be evaluated in the context of the entire response to Section VI.

31. Section 7.9 - Please clarify the last date bidders can send questions for clarification for any section of this RFP. **Answers will only be guaranteed to questions received by August 5, 2003.**

32. Section 8.5 - The RFP is requesting an ASO-only bid for PBM Services. PBMs are not licensed as insurers. Can you clarify the request in 8.5 for Premium Build Up?

Substitute “rate projection” in place of “Premiums”.

33. Section 8.4.5. Can you further clarify this requirement regarding float. Specifically, can you address what float is due the Department relating to the payment of retail pharmacies from the provider. What is considered timely and when does the float begin to accrue to the Department?

This will depend upon Offerors payment/billing methodology. May be discussed during negotiations.

34. Can the Commonwealth provide a summary of the plan design changes that went into effect on July 1, 2003? **See web site identified in question 10 above.**

35. Should all pricing, trend, claims and other financial data charts and tables be completed by using the utilization obtained on the CD?

This should be the historical data used by your underwriters. However, the information sought is your proposed plan based upon this history combined with your underwriting skills.

36. We have requested the CD with the utilization data and other information. What is the expected timeframe to receive the CD? **Notify us if you do not already have it.**

37. Section VI Q32 and 33. Should these tables be completed with the claims data on the CD?

The response to Q 32 should be based on your book of business. Your response to Q 33 should be based on your projection of results on the Commonwealth’s plans. The data in the CD is intended to assist you with that assessment.

38. Sections VI Q35 and 36. What specific date should be used to price the requested drugs? Please confirm that the quantity to be priced..

Your response should reflect prices as of 6/30/03. The quantity is units.

39. Questionnaire - Exhibit 1 - #3 - FTE's assigned to CoVA - is it mandatory to have a dedicated unit assigned to CoVA? **No**

40. Schedule 2- Since this an ASO-only quote for PBM services, are the Premium Build-up Schedules 2-1-2.7 applicable and required? **Yes – Think rate projections, not premiums.**

41. Schedule 2 - If required and applicable, please complete Section A on Schedule 2-1 with actual 1/1/2002-12/31/2002 experience.

This is asking for the Section to be provided from your own book of business.

42. Schedule 2 -Please provide Commonwealth drug trend by line of business for Brand w/No Generic (Single Source), Brand w/Generic (Multi-source) and Generic at both retail and mail.

See lag triangles and other data provided on the CD.

43. Does the State want the vendor to utilize rebates to offset the projected expenditures? Or would the State prefer to receive the rebates directly?

The Department wishes to have the rebates accounted for and to receive directly.

Firms Represented at the Mandatory Offerors Conference

1:00 PM July 18, 2003

ACS Pharmacy Benefits Management
Anthem
APS Healthcare
Caremark
Cigna Behavioral Health
Cigna Healthcare
Diamond Healthcare Corporation
Express Scripts
Harrington
Inova Employee Assistance
Kaiser Foundation Health Plan of The Mid-Atlantic States, Inc.
Magellan Behavioral Health
Medco Health Solutions, Inc.
Prescription Solutions
Sentara
Southern Health
Value Options